

**STATEMENT**  
**of**  
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**on the**  
**FACILITIES PROGRAM OF THE BUREAU OF INDIAN AFFAIRS**  
**before the**  
**COMMITTEE ON INDIAN AFFAIRS**  
**UNITED STATES SENATE**

**June 10, 1998**

**INTRODUCTION**

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before the Committee to discuss the Bureau of Indian Affairs (BIA) Facilities Management and Construction Program.

The BIA's Facilities Management and Construction Program is a large, complex, geographically dispersed operation. The management and administration of the BIA's facilities program involves several diverse functions which were transferred from the Office of the Secretary (Department) back to the BIA effective October 1, 1997. The BIA's Facilities Management and Construction Center (FMCC), located in Albuquerque, New Mexico is responsible for the management of the BIA's facilities programs which includes construction, repair, and operations and maintenance of buildings and related utility systems, roads, grounds, etc., necessary to carry out BIA funded programs and functions. It also manages the leasing of space for BIA operations where BIA owned facilities are not available.

The total facilities inventory is comprised of approximately 7,400 buildings containing 28,250,000 square feet in over 300 locations throughout the United States. These facilities serve over 330 federally recognized Indian tribes located in 26 states, with educational facilities for approximately 53,000 Indian youths, attending approximately 185 schools. Educational facilities comprise over 80 percent of the facilities in the inventory.

Ten of the twelve Area Directors reporting to the Deputy Commissioner of Indian Affairs have facility management staff who are responsible for data collection, technical assistance, minor improvements and repairs, safety, operation and maintenance oversight, and other administrative activities. In many locations, these functions are conducted by tribes choosing to do so under contracts. The BIA continues to transfer as much of these functions to tribes and tribal organizations as they express a willingness to accept.

Approximately 55 percent of the educational facilities management program is contracted under Public Law 93-638, funded by grants under Public Law 100-297, or compacted under Self-Governance. The BIA Area and agency facilities staff numbers have declined significantly in recent

years, resulting in reduced capacity to provide technical assistance to approximately 84 agency offices and 400 facilities locations. The Area and Agency offices are responsible, in varying degrees, for day-to-day operations, maintenance, safety, employee quarters, construction, engineering, emergencies, and other facility related activities.

This program is very complex with many levels of authority and responsibility. Our current facilities inventory includes buildings inherited from the War Department, the Indian Health Service, the Veterans Administration, facilities constructed under Public Works Projects by the Civilian Conservation Corps, facilities given or leased to tribes by religious denominations, and many schools mass produced by the BIA during the 1950 - 1960's to implement day school opportunities for Indian children. Of the school buildings in the facilities inventory, over 50 percent are over 30 years old, 20 percent are over 50 years old, with 2 percent of these being 100 plus years old.

As of January 1998, the BIA's backlog of code and standard deficiencies for school related facilities exceeded \$695 million. The BIA's backlog includes over \$160 million in safety deficiencies which affect life safety and occupational health of facilities occupants, including 53,000 students and teachers. The BIA's total facilities backlog for education and non education facilities is approaching \$1 billion, excluding the cost of replacing existing schools which have exceeded their design life. The BIA estimates school replacement costs to be \$1 billion in today's dollars. Three prominent reasons why the BIA's facilities are in their present condition are: 1) past budget constraints, 2) aging facilities, creating accelerated deterioration, and 3) deferred maintenance generally resulting from inadequate funds. As a result of increased student population and decaying facilities, it has been necessary during the 1990's for the BIA to take temporary actions to handle immediate needs. One temporary solution has been to use portable classrooms. Today, approximately 40 percent of all BIA school students attend at least one class each day in temporary classrooms. The educators work hard in teaching the students. However, the condition of the facilities certainly has an adverse impact on the learning environment experienced by Indian students.

The President's FY 1999 Budget reflects the Administration's initiative regarding school construction by requesting \$86.6 million. This is an increase of \$32.2 million above the FY 1998 budget and over \$50 million higher than that requested in FY 1997. Maintaining the \$86.6 million level of funding for the next five years will allow the BIA to complete the 16 replacement schools by 2001 that are in the FY 1992/1993 priority list. Further, the facilities improvement and repair budget was also increased in FY 1999. To provide the BIA with additional resources for improvement and repair work on existing school facilities and slow the rate of facilities' deterioration, the FY 1999 budget request also includes a \$14 million (44%) increase for facilities improvement and repair (FI & R.)

## **EDUCATION CONSTRUCTION**

The request for the BIA Construction appropriation is \$152,054,000, with \$86,612,000 for Education Construction. The BIA will continue to make progress in eliminating the facilities backlog through replacement, repair and rehabilitation. To expedite the construction process and foster increased local involvement, increased emphasis on tribal contracting or grants for construction projects will be supported by the FMCC until the tribes and BIA agency offices are fully trained to take over the construction contracting challenge.

The Replacement School Construction Program funds replacement of older, unsafe, and dilapidated schools on reservations following a Congressionally approved priority list of 16 schools. This list was developed during fiscal years 1992 and 1993, indicating that the age and condition of the schools has long been an important concern. In FY 1999, \$37,400,000 is requested to complete construction of the Seba Dalkai School in Arizona, the Sac and Fox Settlement School in Iowa, and the Pyramid Lake High School in Nevada. These schools are numbers nine, ten and eleven, respectively, on the priority list; the necessary planning and design work is complete. The Education Facilities Improvement and Repair Program is funded at \$46,212,000 and includes an increase of \$14 million over FY 1998. This will address the \$695 million backlog of repair work in existing education facilities, a focus of considerable concern within the BIA, Department, Administration and the Congress.

### **SCHOOL CONSTRUCTION PRIORITY LIST**

As directed by Congress, the BIA establishes priorities for replacement school construction projects. This system requires the submission of an application by a tribe, tribal school board or BIA official. Only schools in the BIA system are eligible for replacement school construction. Applications in 1992 and 1993 were evaluated against published needs-based criteria and subsequently rated and ranked. The highest ranked school applications indicating the greatest replacement need became part of the established priority list in 1992 and 1993, and remain on the list as committed projects until funded by Congress. The current priority list was published in the Federal Register on January 6, 1993. It contains 16 schools, eight of which have been funded. Of the eight funded schools, seven are completed and occupied. One of the school's funded is Many Farms in Arizona, with construction to begin this summer. Funding for three of the remaining eight schools is being requested in the President's FY 1999 budget request. The BIA estimates that \$89.4 million will be needed to complete the remaining five schools on the list. The estimated project costs for each school is provided in Attachment A.

The BIA is revising the proposed rulemaking published on October 13, 1993 for the priority setting process and plans on consulting with tribes and school boards in the summer of 1998. The proposed regulations are planned for publication in late 1998 with final rulemaking planned for early 1999. The BIA will then solicit new applications using the new regulations in the spring of 1999. Newly prioritized schools under this application process will be added to the existing list of unfunded replacement schools. We anticipate that more schools will be added to the replacement school

priority list.

The BIA's replacement (new) school construction priority list is a list "frozen" by Congress. Prior to 1992, the priority setting process called for a new list to be established and published each year corresponding to the annual budget request. This process proved to be impractical given the time and effort necessary for tribes and school boards to resubmit applications each year and for the BIA to evaluate and rank the applications. Further, after several years, many tribes complained to Congress and the BIA that the ranking of their project subsequently fell lower on the annual prioritization list or was replaced entirely by another school with a higher numerical ranking. As a consequence, the FY 1992 Conference Report for the Department of the Interior's Appropriations Act froze the "New School Construction Priority for FY 1992" and directed the Department to prepare a replacement school construction priority listing for FY 1993. The Department consolidated the FY 1992 priority lists of 11 schools with the FY 1993 list of five schools with a resultant single priority list for FY 1993 of 16 schools.

A summary of the status of the 16 schools on the priority list follows:

- A. Schools completed and occupied:
  - 1. Pinon Community School Dorms, AZ
  - 2. Eastern Cheyenne River Consolidated School, SD
  - 3. Rock Point Community School, AZ
  - 5. Tucker Day School, MS
  - 6. Shoshone Bannock School, ID
  - 7. Standing Pine Day School, MS
  - 8. Chief Leschi School, WA
- B. School funded but not completed:
  - 4. Many Farms High School, AZ
- C. Schools Requested in the FY 1999 Budget Request:
  - 9. Seba Dalkai School, AZ
  - 10. Sac and Fox Settlement School, IA
  - 11. Pyramid Lake High School, NV
- D. Schools Planned for funding in FY 2000 and 2001:
  - 12. Shiprock Alternative School, NM
  - 13. Tuba City Boarding School, AZ
  - 14. Fond du Lac Ojibway School, MN
  - 15. Second Mesa Day School, AZ
  - 16. Zia Day School, NM

## GETTING SCHOOLS BUILT FASTER

For years, a growing concern of the Department, Congress, and tribes was the slow pace at which the BIA school construction occurred. From the beginning of formal planning, the current process took 7 to 8 years to provide a new or renovated school facility. A dramatic change was required to reduce this process to 3 years or less.

Process re-engineering was undertaken to facilitate this change. This involved fundamentally rethinking and radically redesigning the process to achieve significant improvements in critical measurements of program performance. This re-engineering effort was accepted by the Department's National Performance Review (NPR) Team as a Reinvention Laboratory.

A Reinvention Laboratory Team (Team) was established to develop the new process. The Team included representation from federal and tribal governments and the federal employees union. The Team solicited input from the design and construction industry, the private sector and other federal and local government entities.

The Team's first challenge was to design a process that was flexible enough to accommodate all means of administering projects including Indian Self-Determination Act contracts, grants, and cooperative agreements, Public Law 100-297 grants, and standard commercial contracts. Additionally, the process needed to be able to accommodate alternative construction management methods such as fixed cost design or building contracts. The second challenge was to substantially reduce the over 220 steps that are in the old process.

The process that the Team developed is designed to reduce the time required to complete construction projects by up to 50 percent. At the core of this new process is the use of a project management team consisting of representatives of the major project stakeholders. This Team is to be empowered with the authority to make all decisions regarding scope, execution and funding of the project. Although designed for use with funded new school construction projects, the process may also be applied to Facilities Improvement & Repair (FI&R) and detention center construction projects that have been prioritized and funded.

The new process has been piloted and dramatic changes have resulted. For example, the Wa-He-Lut School in Washington State required replacement due to flood damage to the old school. It was planned, designed, constructed and occupied in less than 14 months. The Seba Dalkai Replacement School in Arizona will reach the design completion stage this summer and construction, if funded, will be completed within the 3 year goal. The BIA plans to use this process on additional projects in FY 1999 and will implement the process on most large projects in FY 2000 on a bureau-wide basis as staff resources permit.

## FACILITIES CONSTRUCTION OPERATIONS AND MAINTENANCE (FACCOM)

The FACCOM database is a mainframe repository for physical inventories, backlogs of repair and rehabilitation deficiencies and replacement construction needs.

Physical inventories include buildings, grounds, equipment and systems (water, sewer, etc). This data is used to account for federal assets, determine operation and maintenance funding levels and identify construction project locations.

Backlogs of repair and rehabilitation deficiency listings include a description of the deficiency and a cost estimate to correct the deficiency. The nature of the deficiencies are safety, environmental, handicap access, structural, etc. The deficiencies can be tracked as one construction project (Minor Improvement & Repair) or combined with other deficiencies and tracked as a larger project (Facilities Improvement & Repair). The Safety Tracking System module in FACCOM documents safety inspections and all abatement activities as part of the deficiency backlog.

Replacement (new) construction needs are presently incorporated in the backlog of repair deficiencies under a separate category. This data is used for estimating purposes since the national priority list dictates construction and formal facility needs assessments (F&A's) to establish realistic estimates.

The new Facility Management Information System (FMIS) will replace and enhance the existing FACCOM system in Fiscal Year 2000.

## THE DEPARTMENT'S FIVE YEAR PLAN

The Department's five year construction plan for FY 2000-2004 has several important objectives. It will help the Department's accumulated deferred maintenance needs and permit us to comply with the Federal Accounting Standard (FASAB) Number 6 on deferred maintenance reporting. In addition, it will aid Departmental planning for future capital improvements. The Plan will be updated annually and incorporate the status of maintenance and capital improvement projects funded since FY 1999. The BIA will use a set of common definitions for facilities management terms established in this Department-wide planning process, enabling the Department to present a more consistent and credible view of its budgeted resources and capital investments, goals, needs and priorities to the Administration and the Congress.

The BIA will implement the five year planning process for "Deferred Maintenance," currently titled FI&R Major Projects, using the automated priority setting process. The Congress directed the BIA to continue this process within the language of the Department of the Interior and Related Agencies Appropriations for FY 1997, Report 104-319 as follows:

"There continue to be multi-phased facility repair projects, or single projects that

require additional funds over 2 or 3 fiscal years. This often results from inaccurate project requirements and descriptions from the inception of the project. The Committee expects the Bureau to continue to use the existing health and safety criteria-based priority ranking system to determine project ranking. At the same time, the Committee expects the Bureau to revise the process used to determine the scope of an FI&R project, so that all required code and safety repairs on a particular building are accomplished as a single, economical repair project, rather than through multiple projects over a period of years. Consideration should be given to establishing the total repair requirements at each school or law enforcement location. The Committee expects project requirements to be established and reviewed by facilities engineers and architects to ensure that these projects address code and safety requirements and have accurate cost estimates.”

“The Bureau should distinguish clearly in project descriptions the differences between repairing a facility and replacing a facility. Expansions of existing facilities to meet existing enrollment should be addressed through the new school replacement program, unless the additional space needed is within the current Bureau guidelines for facility repair.”

## **CONSTRUCTION PROGRAM NEEDS**

Mr. Chairman, the BIA appreciates this Committee’s continued support relative to the BIA’s requests for increased funding levels for the facilities construction program. The present annual funding levels for repairs and improvements have been inadequate to keep up with the annual deterioration rate for most of the BIA facilities. Without sufficient funding, we will continue to lose ground as many of the older buildings in the BIA system continue to become obsolete, especially in relation to providing basic safe and functional education environments. I am encouraged by the Congressional support the BIA has received relative to the increases in the Replacement (new) School construction program.

## **PARTNERSHIPS**

As a result of tribal expressions of interest in contributing financially to the construction of replacement schools and as part of the BIA exploration of alternative funding for school construction, the BIA is actively pursuing changes to the priority setting process. The BIA is discussing financial partnerships with tribes. Under this concept, a tribe would compete under the priority setting process described above as a means of establishing need for a replacement facility. If need is established, and a tribe proposes to partially fund a replacement school, the project would then compete separately under a financial partnership priority list. The concept envisions providing higher point values to the tribes who agree, by tribal resolution, to fund a higher percent of the total cost of construction. These tribes would appear on this separate list. A team consisting of tribal representatives and BIA staff are currently developing this concept in more detail. The concept will be presented in the

planned consultations with tribes on a national basis this summer.

## SCHOOL CONSTRUCTION FUNDING ALTERNATIVES

Within the legislative reports accompanying the Fiscal Year 1994 Interior and Related Agencies Appropriation Act, Congress requested that the BIA and Department conduct a study relating to Tribal construction of school facilities through an annual guaranteed lease purchase arrangement. This study was conducted in 1993 which included consultation with the tribes, and ultimately expanded to include the review of a number of possible alternatives. The study was entitled A Report on Alternative Funding for Construction of Indian Schools. It was provided to the Appropriation Committees on July 1, 1994. The report on exploring alternative sources of financing came up with only four feasible sources at that time which are listed as follows: (1) Department of Commerce, Economic Development Grants; (2) Tribally funded construction of school facilities; (3) Department of Education - Public Law 81-815, Public School Construction on Indian Reservations; (4) State Public Education Appropriations. All the other alternatives that were reviewed were found to be unworkable or with major impediments, including lease-purchase arrangements.

However, the BIA and Department have continued to explore alternatives that may in the future provide a viable means to facilitate more funding for repair, rehabilitation or replacement of nationally ranked school construction projects. The five alternatives that we are continuing to devote time to are as follows:

1. Cost sharing of construction expenses by the tribes or schools and BIA for repair or replacement of existing facilities.
2. Bonding legislation that would be available to the tribes in conformance with budget scoring rules, and acceptable to OMB, the Department, and the BIA.
3. Support of the Administration school reconstruction initiative, which proposed \$5 billion dollars over four years for nationwide school construction and renovation, with a set-aside provided for Indian schools.
4. Expanded use of the existing portable classroom program to address problem areas such as increased enrollment, programmatic space, and unsafe and unhealthy classrooms.
5. A lease-purchase program has been considered in the past, however, due to the scoring requirements, OMB has determined that this approach is infeasible. Legislation and/or policy changes could enhance prospects for this alternative in the future.

At present, the alternative that holds the most promise for the immediate future is the cost sharing (partnering) of construction expenses by the tribes and BIA. This approach is currently being developed as part of the new replacement school construction process, which will result in the issuing of Regulations once consultation with the tribes and Schools is concluded. Also, we continue



to fund portable classrooms through annual appropriations requests. The BIA has not expanded the program appreciably because the portable classrooms are only considered a temporary solution and their design life is approximately 25 to 30 percent that of a permanent structure.

Any or all of these alternatives, if deemed feasible, would stretch the BIA construction dollars to cover more projects. Unfortunately, both the BIA's and the Department's efforts to explore alternative financing options have resulted in the finding that there are not many opportunities, because lease arrangements, loans, and revenue bonds require repayment which are subject to appropriations.

At the present rate of deterioration and with a constrained budget that has not kept up with aging buildings, emphasis will continue to be placed on addressing the most critical deficiencies that exist in a particular building or facility. Currently, however, the primary means of ensuring sufficient and adequate educational facilities in Indian Country is through increased appropriations, as proposed in the President's FY 1999 budget.

Mr. Chairman, this concludes my statement. I will be happy to address any questions the Committee may have on the facilities program.

ATTACHMENT A

**ESTIMATED PROJECT COSTS TO COMPLETE THE REMAINING 5 SCHOOLS ON THE BIA'S REPLACEMENT CONSTRUCTION PRIORITY LIST.**

| <u>Project</u>              | <u>Budget Estimate</u> | <u>Status</u>            | <u>Current Enrollment</u> | <u>Projected Enrollment</u> | <u>Grades</u> |
|-----------------------------|------------------------|--------------------------|---------------------------|-----------------------------|---------------|
| Shiprock Alternative School | \$ 25.8                | Ready to start design    | 381                       | 425                         | PreK-12       |
| Tuba City Boarding School   | 22.7                   | Ready to start planning  | 1,144 Day/178 Res.        | *                           | PreK-8        |
| Fond Du Lac Ojibway School  | 14.3                   | Planning is in process   | 280                       | *                           | PreK-12       |
| Second Mesa School          | 18.4                   | Planning almost complete | 175                       | 400                         | PreK-6        |
| Zia Day School              | 08.2                   | Ready to start design    | 64                        | 157                         | PreK-8        |
| Total                       | \$ 89.4 Million        |                          |                           |                             |               |

\*Final planning documents will provide projected enrollments.